

L - Transportation Cabinet

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L - Transportation Cabinet**Operating Budget****Summary Totals**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	4,753,400	4,753,400		4,753,400	4,753,400	
Restricted Funds	249,796,100	249,796,100		100,313,400	100,313,400	
Federal Funds	615,085,300	615,085,300		615,140,600	615,140,600	
Road Fund	1,071,098,900	1,071,098,900		1,118,081,200	1,093,723,900	(24,357,300)
Bond Funds	350,000,000	350,000,000				
Regular Total Funds	2,290,733,700	2,290,733,700		1,838,288,600	1,813,931,300	(24,357,300)
Continuing	606,600	606,600				
TOTAL FUNDS	2,291,340,300	2,291,340,300		1,838,288,600	1,813,931,300	(24,357,300)
II. EXPENDITURE CATEGORY						
Personnel Costs	394,758,400	394,758,400		402,514,700	402,514,700	
Operating Expenses	234,238,100	234,238,100		236,269,900	236,269,900	
Grants, Loans, Benefits	164,403,700	164,403,700		167,376,300	167,376,300	
Debt Service	123,430,800	123,430,800		183,091,000	183,091,000	
Capital Outlay	12,886,400	12,886,400		12,486,600	12,486,600	
Construction	1,361,622,900	1,361,622,900		836,550,100	812,192,800	(24,357,300)
TOTAL EXPENDITURES	2,291,340,300	2,291,340,300		1,838,288,600	1,813,931,300	(24,357,300)
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	4,753,400	4,753,400		4,753,400	4,753,400	
Restricted Funds	249,796,100	249,796,100		100,313,400	100,313,400	
Federal Funds	615,085,300	615,085,300		615,140,600	615,140,600	
Road Fund	1,071,098,900	1,071,098,900		1,118,081,200	1,093,723,900	(24,357,300)
Bond Funds	350,000,000	350,000,000				
Regular Total Funds	2,290,733,700	2,290,733,700		1,838,288,600	1,813,931,300	(24,357,300)
Continuing	606,600	606,600				
TOTAL BASE LEVEL	2,291,340,300	2,291,340,300		1,838,288,600	1,813,931,300	(24,357,300)

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L - Transportation Cabinet**Capital Budget****Summary Totals**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Road Fund	13,794,000	13,794,000		4,248,000	4,248,000	
TOTAL CAPITAL	13,794,000	13,794,000		4,248,000	4,248,000	

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HOUSE BUDGET REPORT
2005 SESSION OF THE GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY
ROAD FUND SUMMARY

Governmental Branch: Executive

	<u>FY2004</u>	<u>FY 2004-2005</u>			<u>FY 2005-2006</u>		
	<u>Actual</u>	<u>Bill as Introduced</u>	<u>House</u>	<u>Difference</u>	<u>Bill as Introduced</u>	<u>House</u>	<u>Difference</u>
<u>RESOURCES</u>							
Beginning Balance							
Revenue Receipts/Estimates	1,116,734,300	1,119,702,900	1,119,702,900	0	1,127,126,500	1,127,126,500	0
Spend down of Continuing Approp.	217,326,000						
FY 2004 Surplus		23,011,700	23,011,700	0			
Fund Transfers	6,097,100						
Non-Revenue Transfers	(783,600)						
Road Fund Revenue Initiative					53,250,000	28,892,700	(24,357,300)
TOTAL RESOURCES	1,339,373,800	1,142,714,600	1,142,714,600	0	1,180,376,500	1,156,019,200	(24,357,300)
<u>APPROPRIATIONS/EXPENDITURES</u>							
<u>TRANSPORTATION CABINET</u>							
General Admin. & Support	60,298,600	64,956,100	64,956,100	0	66,530,000	66,530,000	0
Revenue Sharing	229,705,300	236,928,500	236,928,500	0	243,540,600	243,540,600	0
Highways	794,894,500	637,266,800	637,266,800	0	634,583,700	610,226,400	(24,357,300)
Vehicle Regulation	29,536,700	15,834,000	15,834,000	0	15,898,000	15,898,000	0
Debt Service	153,294,900	116,113,500	116,113,500	0	157,528,900	157,528,900	0
Capital Budget	8,284,000	13,794,000	13,794,000	0	4,248,000	4,248,000	0
TOTAL-TRANSPORTATION	1,276,014,000	1,084,892,900	1,084,892,900	0	1,122,329,200	1,097,971,900	(24,357,300)
DEPT. OF TREASURY	0	250,000	250,000	0	250,000	250,000	0
<u>JUSTICE CABINET</u>							
Kentucky State Police	35,000,000	39,769,100	39,769,100	0	39,769,100	39,769,100	0
Motor Vehicle Enforcement	0	12,696,600	12,696,600	0	13,347,200	13,347,200	0
<u>FINANCE CABINET</u>							
Debt Service	3,664,000	2,930,000	2,930,000	0	2,505,000	2,505,000	0
Department of Administration	283,000	283,000	283,000	0	283,000	283,000	0
Department of Revenue	1,401,100	1,418,000	1,418,000	0	1,418,000	1,418,000	0
Comm. Office of Technology	0	125,000	125,000	0	125,000	125,000	0
GOV.'S OFF. OF HOMELAND SEC.	0	350,000	350,000	0	350,000	350,000	0
TOTAL APPROP./EXPEND.	1,316,362,100	1,142,714,600	1,142,714,600	0	1,180,376,500	1,156,019,200	(24,357,300)
Road Fund Surplus	23,011,700	0	0		0	0	

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L - Transportation Cabinet**Operating Budget****General Administration and Support**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	25,607,200	25,607,200		25,542,000	25,542,000	
Road Fund	64,956,100	64,956,100		66,530,000	66,530,000	
Regular Total Funds	90,563,300	90,563,300		92,072,000	92,072,000	
Continuing						
TOTAL FUNDS	90,563,300	90,563,300		92,072,000	92,072,000	
II. EXPENDITURE CATEGORY						
Personnel Costs	30,078,700	30,078,700		31,030,600	31,030,600	
Operating Expenses	40,179,300	40,179,300		41,125,100	41,125,100	
Grants, Loans, Benefits	29,000	29,000		29,000	29,000	
Debt Service	7,317,300	7,317,300		7,328,100	7,328,100	
Capital Outlay	12,886,400	12,886,400		12,486,600	12,486,600	
Construction	72,600	72,600		72,600	72,600	
TOTAL EXPENDITURES	90,563,300	90,563,300		92,072,000	92,072,000	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	25,607,200	25,607,200		25,542,000	25,542,000	
Road Fund	64,956,100	64,956,100		66,530,000	66,530,000	
Regular Total Funds	90,563,300	90,563,300		92,072,000	92,072,000	
Continuing						
TOTAL BASE LEVEL	90,563,300	90,563,300		92,072,000	92,072,000	

**Fiscal Biennium 2004-2006
Budget Modification Report**

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General Administration and Support

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer includes a transfer from General Administration and Support, Division of Fleet Management, Restricted Funds totaling \$5,000,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Biennial Highway Construction Programs: The Secretary of the Transportation Cabinet is directed to report monthly to the Legislative Research Commission all activity, as prescribed by KRS 176.430, relating to all projects with open activity conducted by the Transportation Cabinet during the biennium including the year each project phase was enacted in a Six Year Highway Plan. Pursuant to KRS 48.800(5), the Transportation Cabinet shall submit the electronic monthly report in a format prescribed by the Legislative Research Commission."

"Debt Service: Included in the above Road Fund appropriation is \$7,317,300 in fiscal year 2004-2005 and \$7,328,100 in fiscal year 2005-2006 for debt service on previously authorized bonds for the new Transportation Cabinet office building and parking structure."

"Adopt-A-Highway Litter Program: The Transportation Cabinet and Environmental and Public Protection Cabinet may receive, accept, and solicit grants, contributions of money, property, labor, or other things of value from any governmental agency, individual, nonprofit organization, or private business to be used for the Adopt-a-Highway Litter Program or other statewide litter programs. Any contribution of this nature shall be deemed to be a contribution to a state agency for a public purpose and shall be treated as Restricted

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Funds under KRS Chapter 45 and reported according to KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter 11A."

"Transportation Cabinet Office Building: The new Transportation Cabinet Office Building shall be owned by the Transportation Cabinet and any revenue generated from the leasing of office space in the new Transportation Cabinet Office Building shall be deposited in the Road Fund."

PART II, Capital Budget

The Bill as Introduced provides \$13,794,000 in fiscal year 2004-2005 and \$4,248,000 in fiscal year 2005-2006 for capital projects funded from Road Fund resources.

HOUSE REPORT

The House concurs with the Bill as Introduced with the following changes:

The language provision in Part I, Operating Budget, relating to reporting requirement regarding the Biennial Highway Construction Programs is deleted and replaced with the following language provision:

" Biennial Highway Construction Programs : The Secretary of Transportation is directed to produce a single document that contains two separately identified sections, as follows:

Section 1 shall detail the enacted fiscal biennium 2004-2006 Biennial Highway Construction Program and Section 2 shall detail the Highway Preconstruction Program Plan for fiscal year 2006-2007 through fiscal year 2009-2010 as identified by the 2004 General Assembly. This document shall mirror in data type and format the fiscal year 2002-2008 Recommended Six Year Highway Plan as submitted to the 2002 General Assembly. The document shall be published and distributed to members of the General Assembly and the public within 60 days of adjournment of the 2004 Regular Session of the General Assembly.

No executive authority shall expend, or otherwise commit in any manner, available fiscal biennium 2004-2006 Road Fund resources for a project designated as a State Project in the fiscal year 2006-2007 through fiscal year 2009-2010 Highway Preconstruction Program Plan. In the event that federally funded projects contained in the enacted fiscal biennium 2004-2006 Biennial Highway Construction Program are delayed due to unforeseen circumstances, or if additional federal funds are received in excess of the

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General Administration and Support

amounts contemplated in this Act, the Transportation Cabinet may advance projects from the Highway Preconstruction Program Plan only to the extent required to assure that the Commonwealth makes full use of all available federal funds.

The Secretary of Transportation is further directed to report monthly to the Legislative Research Commission of all activity, as prescribed by KRS 176.430, relating to all projects with open activity conducted by the Transportation Cabinet during the biennium including the year each project phase was enacted in a Six Year Highway Plan. Pursuant to KRS 48.800(5), the Transportation Cabinet shall submit the electronic monthly report in a format prescribed by the Legislative Research Commission.

Notwithstanding KRS 176.440(2), any project additions or modifications that the 2005 General Assembly may make to the fiscal year 2005-2010 Recommended Six Year Road Plan shall carry the same force of law as projects that were included in the fiscal year 2005-2010 Recommended Six Year Road Plan as submitted by the Executive Branch."

The House adds Part I, Operating Budget, language provision as follows:

" **Child Sexual Abuse License Plate Revenue:** Notwithstanding KRS 186.1867, the Transportation Cabinet shall review the costs related to the distribution of child victims' license plates. Any revenue received from the sale or renewal of those plates in excess of actual costs shall be transferred to the Child Victims' Trust Fund on an annual basis."

L - Transportation Cabinet**Capital Budget****General Administration and Support**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE						
Road Fund	13,794,000	13,794,000		4,248,000	4,248,000	
TOTAL CAPITAL	13,794,000	13,794,000		4,248,000	4,248,000	

II. CAPITAL PROJECTS

1	Repair/Replace Overhead Doors and Emergency Repairs					
PRJC35K0134						
Road Fund	200,000	200,000		200,000	200,000	
Project Total	200,000	200,000		200,000	200,000	
2	Construct and Repair Various Salt Storage Structures					
PRJC35K0135						
Road Fund	250,000	250,000		250,000	250,000	
Project Total	250,000	250,000		250,000	250,000	
3	Asbestos/Hazardous Materials Abatement					
PRJC35K0136						
Road Fund	50,000	50,000		50,000	50,000	
Project Total	50,000	50,000		50,000	50,000	
4	Building Renovations and Emergency Repairs					
PRJC35K0137						
Road Fund	420,000	420,000		420,000	420,000	
Project Total	420,000	420,000		420,000	420,000	
5	Real Property Lease - Franklin County (Pro Management-Precon/6 Yr. Plan)					
PRJC35K0138						
Road Fund	2,000,000	2,000,000				
Project Total	2,000,000	2,000,000				
6	Construct New Louisville District Office Building					
PRJC35K0140						
Road Fund	6,545,000	6,545,000				
Project Total	6,545,000	6,545,000				
7	Water/Wastewater Treatment Projects					
PRJC35K0141						
Road Fund	100,000	100,000		100,000	100,000	
Project Total	100,000	100,000		100,000	100,000	

L - Transportation Cabinet**Capital Budget****General Administration and Support**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
8	Painting and Roof Repair/Roof Replacement						
PRJC35K0142							
Road Fund		219,000	219,000		218,000	218,000	
Project Total		219,000	219,000		218,000	218,000	
9	Various Park Roads Maintenance						
PRJC35K0143							
Road Fund		1,500,000	1,500,000		1,500,000	1,500,000	
Project Total		1,500,000	1,500,000		1,500,000	1,500,000	
10	Conduct Paving and Landscaping						
PRJC35K0144							
Road Fund		50,000	50,000		50,000	50,000	
Project Total		50,000	50,000		50,000	50,000	
11	Repair Loadometer and Rest Areas						
PRJC35K0145							
Road Fund		460,000	460,000		460,000	460,000	
Project Total		460,000	460,000		460,000	460,000	
12	Various Environmental Compliance Projects						
PRJC35K0146							
Road Fund		1,000,000	1,000,000		1,000,000	1,000,000	
Project Total		1,000,000	1,000,000		1,000,000	1,000,000	
13	TRANSPORT-Additional Funding						
PRJC35K0147							
Road Fund		1,000,000	1,000,000				
Project Total		1,000,000	1,000,000				
14	Replace HVAC Materials Lab-Reauthorization/Reallocation						
PRJC35K0148							
Road Fund							
Project Total							
TOTAL CAPITAL		13,794,000	13,794,000		4,248,000	4,248,000	

L - Transportation Cabinet**Operating Budget****Aviation**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	5,962,100	5,962,100		6,000,000	6,000,000	
Federal Funds	15,000	15,000		15,000	15,000	
Regular Total Funds	5,977,100	5,977,100		6,015,000	6,015,000	
Continuing						
TOTAL FUNDS	5,977,100	5,977,100		6,015,000	6,015,000	
II. EXPENDITURE CATEGORY						
Personnel Costs	652,700	652,700		687,900	687,900	
Operating Expenses	264,700	264,700		264,700	264,700	
Grants, Loans, Benefits	5,059,700	5,059,700		5,062,400	5,062,400	
TOTAL EXPENDITURES	5,977,100	5,977,100		6,015,000	6,015,000	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	5,962,100	5,962,100		6,000,000	6,000,000	
Federal Funds	15,000	15,000		15,000	15,000	
Regular Total Funds	5,977,100	5,977,100		6,015,000	6,015,000	
Continuing						
TOTAL BASE LEVEL	5,977,100	5,977,100		6,015,000	6,015,000	

**Fiscal Biennium 2004-2006
Budget Modification Report**

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Aviation Transportation

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer includes a transfer from the Department of Aviation, Air Transportation, Restricted Funds totaling \$700,000 in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Operational Costs: Notwithstanding KRS 183.525(5), the Restricted Funds appropriation above includes operational costs of the program."

"Certified Air Carriers and Cap on Sales and Use Tax: The sales and use tax credit shall be an amount equal to the Kentucky sales and use tax otherwise applicable to aircraft fuel, including jet fuel, purchased by the certificated air carrier for its storage, use, or other consumption during the annual period, less \$1,000,000. The \$1,000,000 amount shall be increased to reflect the Kentucky sales and use tax on aviation fuel attributable to operations of any other company purchased, merged, acquired, or otherwise combined with the certificated air carrier after the base period. The amount of the increase shall be based on the Kentucky sales and use tax applicable to such aircraft fuel purchased during the 12-month period immediately preceding the purchase, merger, or other acquisition by or combination with the certificated air carrier."

**Fiscal Biennium 2004-2006
Budget Modification Report**

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Aviation Transportation

HOUSE REPORT

The House concurs with the Bill as Introduced with the following changes:

The House amends Part I, Operating Budget language provision as follows:

"Certified Air Carriers and Cap on Sales and Use Tax: The sales and use tax credit shall be an amount equal to the Kentucky sales and use tax otherwise applicable to aircraft fuel, including jet fuel, purchased by the certificated air carrier for its storage, use, or other consumption during the annual period, less \$1,000,000. The \$1,000,000 amount shall be increased to reflect the Kentucky sales and use tax on aviation fuel attributable to operations of any other certificated air carrier when the other certificated air carrier is purchased, merged, acquired, or otherwise combined with the certificated air carrier after the base period. The amount of the increase shall be based on the Kentucky sales and use tax applicable to such aircraft fuel purchased during the 12-month period immediately preceding the purchase, merger, or other acquisition by or combination with the certificated air carrier."

The House adds Part I Operating Budget, language provision as follows:

"Bluegrass Field Airport: No appropriations to the Air Transportation budget unit shall be utilized for the purpose of studying, planning or construction of an additional runway at Bluegrass Field Airport."

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L - Transportation Cabinet**Operating Budget****Debt Service**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Road Fund	116,113,500	116,113,500		157,528,900	157,528,900	
Regular Total Funds	116,113,500	116,113,500		157,528,900	157,528,900	
Continuing						
TOTAL FUNDS	116,113,500	116,113,500		157,528,900	157,528,900	
II. EXPENDITURE CATEGORY						
Debt Service	116,113,500	116,113,500		157,528,900	157,528,900	
TOTAL EXPENDITURES	116,113,500	116,113,500		157,528,900	157,528,900	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Road Fund	116,113,500	116,113,500		157,528,900	157,528,900	
Regular Total Funds	116,113,500	116,113,500		157,528,900	157,528,900	
Continuing						
TOTAL BASE LEVEL	116,113,500	116,113,500		157,528,900	157,528,900	

**Fiscal Biennium 2004-2006
Budget Modification Report**

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Debt Service

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Toll Road Lease-Rental Payments: Included in the above Road Fund appropriation is \$7,928,800 in fiscal year 2004-2005 and \$7,815,500 in fiscal year 2005-2006 for toll road lease-rental payments."

"Resource Recovery Road Lease-Rental Payments: Included in the above Road Fund appropriation is \$38,831,600 in fiscal year 2004-2005 and \$38,828,600 in fiscal year 2005-2006 for Resource Recovery Road lease-rental payments. The Secretary of the Transportation Cabinet shall use Road Fund resources to meet the lease-rental payments to the Kentucky Turnpike Authority for Resource Recovery Road projects in the amount certified by the Transportation Cabinet, pursuant to KRS 143.090. However, if Road Fund resources are not sufficient to meet lease-rental payments, the additional amount required to meet the obligation shall be transferred from the proceeds of the tax levied on the severance or processing of coal by KRS 143.020."

"Economic Development Road Lease-Rental Payments: Included in the above Road Fund appropriation is \$69,353,100 in fiscal year 2004-2005 and \$78,292,800 in fiscal year 2005-2006 for Economic Development Road lease-rental payments relating to projects financed by Economic Development Road Revenue Bonds previously issued by the Kentucky Turnpike Authority."

"Economic Development Road Bond Debt Service: Included in the above Road Fund appropriation is \$32,592,000 in fiscal year 2005-2006 for Economic Development Road lease-rental payments to the Turnpike Authority of Kentucky relating to projects financed by \$350,000,000 in Economic Development Road Revenue Bonds hereby authorized by the General Assembly to be issued in fiscal year 2004-2005 for payment of the cost of the Economic Development Road Projects."

"Excess Lease-Rental Payments: Any moneys not required to meet lease-rental payments or to meet the administrative costs of the Kentucky Turnpike Authority shall be transferred to the State Construction account."

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Debt Service

"Debt Payment Acceleration Fund Account: Notwithstanding KRS 175.505, no portion of the revenues to the state Road Fund provided by the adjustments in KRS 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment Acceleration Fund account during the 2004-2006 fiscal biennium."

HOUSE REPORT

The House concurs with the Bill as Introduced.

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L - Transportation Cabinet**Operating Budget****Highways**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	213,858,800	213,858,800		64,222,100	64,222,100	
Federal Funds	587,000,000	587,000,000		587,000,000	587,000,000	
Road Fund	637,266,800	637,266,800		634,583,700	610,226,400	(24,357,300)
Bond Funds	350,000,000	350,000,000				
Regular Total Funds	1,788,125,600	1,788,125,600		1,285,805,800	1,261,448,500	(24,357,300)
Continuing						
TOTAL FUNDS	1,788,125,600	1,788,125,600		1,285,805,800	1,261,448,500	(24,357,300)
II. EXPENDITURE CATEGORY						
Personnel Costs	332,119,800	332,119,800		338,582,600	338,582,600	
Operating Expenses	156,878,100	156,878,100		158,616,400	158,616,400	
Debt Service				18,234,000	18,234,000	
Construction	1,299,127,700	1,299,127,700		770,372,800	746,015,500	(24,357,300)
TOTAL EXPENDITURES	1,788,125,600	1,788,125,600		1,285,805,800	1,261,448,500	(24,357,300)
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	213,858,800	213,858,800		64,222,100	64,222,100	
Federal Funds	587,000,000	587,000,000		587,000,000	587,000,000	
Road Fund	637,266,800	637,266,800		634,583,700	610,226,400	(24,357,300)
Bond Funds	350,000,000	350,000,000				
Regular Total Funds	1,788,125,600	1,788,125,600		1,285,805,800	1,261,448,500	(24,357,300)
Continuing						
TOTAL BASE LEVEL	1,788,125,600	1,788,125,600		1,285,805,800	1,261,448,500	(24,357,300)

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Highways

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Debt Service: Included in the above Federal Funds appropriation is \$18,234,000 in fiscal year 2005-2006 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) bonds."

"State Supported Construction Programs: Included in the above Road Fund appropriation is \$359,833,900 in fiscal year 2004-2005 and \$349,646,500 in fiscal year 2005-2006 for the State Supported Construction Program."

"State Resurfacing Program: Included in the State Supported Construction Program is \$67,320,000 in fiscal year 2004-2005 and \$67,320,000 in fiscal year 2005-2006 from the Road Fund for the State Resurfacing Program."

"Specialized Contracts Account: Included in the State Supported Construction Program is \$100,000 in fiscal year 2004-2005 and \$100,000 in fiscal year 2005-2006 from the Road Fund for the Specialized Contracts Account."

"Biennial Highway Construction Program: Included in the State Supported Construction Program is \$254,673,900 in fiscal year 2004-2005 and \$244,486,500 in fiscal year 2005-2006 from the Road Fund for state construction projects in the fiscal biennium 2004-2006 Biennial Highway Construction Program. Included within the above Road Fund appropriation is \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 to support the Kentucky Pride Fund created in KRS 224.43-505."

"Highway Construction Contingency Account: Included in the State Supported Construction Program is \$37,740,000 in fiscal year 2004-2005 and \$37,740,000 in fiscal year 2005-2006 for the Highway Construction Contingency Account. Included within the above Road Fund appropriation is \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 to support the Kentucky Pride Fund created in KRS 224.43-505."

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"2004-2006 Biennial Highway Construction Plan: Projects in the enacted 2002-2004 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2004-2006 fiscal biennium."

"Kentucky Transportation Center: Notwithstanding KRS 177.320(4), included in the above Road Fund appropriation is \$290,000 in fiscal year 2004-2005 and \$290,000 in fiscal year 2005-2006 for the Kentucky Transportation Center."

"New Highway Equipment Purchases: Notwithstanding KRS 48.710(3), Restricted Funds are appropriated in the amounts of \$1,500,000 in fiscal year 2004-2005 and \$1,500,000 in fiscal year 2005-2006 from the sale of surplus equipment to purchase new highway equipment."

"State Match Provisions: The Transportation Cabinet is authorized to utilize state construction moneys or Toll credits to match federal highway moneys in the event that unanticipated additional Federal Funds are provided to Kentucky and the state match appropriations have been exhausted."

"Excess Debt Service/Lease-Rental Appropriations: Any Road Fund appropriations that are not needed to pay lease-rental payments to the Kentucky Turnpike Authority or debt service on the new Transportation Cabinet Office Building shall be credited to the State Construction Account."

"Federal Aid Highway Funds: If additional federal highway moneys are made available to Kentucky by the United States Congress, the funds shall be used according to the following priority: (a) Any demonstration-specific or project-specific money shall be used on the project identified; and (b) All other funds shall be used to ensure that projects in the fiscal biennium 2004-2006 Biennial Highway Construction Plan are funded. If additional federal moneys remain after these priorities are met, the Transportation Cabinet may select projects from the Four Year Preconstruction Program."

"Demonstration Projects: The Transportation Cabinet is authorized to select up to five design/build demonstration road related projects. Notwithstanding any conflicting provisions of KRS Chapters 45A, 176, and 177, for procurement purposes, the Transportation Cabinet shall utilize a qualifications-based bidding process within the context of the provisions of KRS Chapter 176. The Secretary of the Transportation Cabinet shall determine the nature and scope of each design/build project."

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"Road Fund Cash Management: The Secretary of the Transportation Cabinet is authorized to continue the Cash Management Plan to address the policy of the General Assembly to expeditiously initiate and complete projects in the fiscal biennium 2004-2006 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial Highway Construction Plan by employing management techniques that maximize the Cabinet's ability to contract for and effectively administer the project work. Under the approved Cash Management Plan, the Secretary is directed to continuously ensure that the unspent project and Road Fund balances available to the Transportation Cabinet are sufficient to meet expenditures consistent with appropriations provided."

"Biennial Highway Construction Program: In the event that federally funded projects contained in the enacted fiscal biennium 2004-2006 Biennial Highway Construction Program are delayed due to unforeseen circumstances, or if additional Federal Funds are received in excess of the amounts contemplated in this Act, the Transportation Cabinet may advance projects from the Highway Preconstruction Program Plan only to the extent required to ensure that the Commonwealth makes full use of all available Federal Funds."

"Programmatic Adjustments: The Secretary of Transportation is authorized to adjust the specific sums comprising the Highways appropriation programs enumerated above for the purposes of enhancing public safety, maximizing available Federal Funds, supporting economic development, and accelerating state construction projects."

"Grant Anticipation Revenue Vehicle (GARVEE) Bonds: Included in the above Restricted Funds appropriation is \$150,000,000 in fiscal year 2004-2005 for GARVEE Bond Funds."

"Economic Development Road Bond Funds: \$350,000,000 in Economic Development Bond Funds is provided to be issued in fiscal year 2004-2005 to support Economic Development Road Projects."

"Continuing Appropriation: Notwithstanding KRS 48.710, unexpended Road Fund appropriations in the Highways budget unit for the State Funded Construction program and the Maintenance program in fiscal year 2004-2005 shall not lapse to the Road Fund Surplus Account, but shall carry forward from one fiscal year to the next."

HOUSE REPORT:

The House concurs with the Bill as Introduced with the following changes:

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The House provides in Part I, Operating Budget, Road Fund decrease of \$ 24,357,300 in fiscal year 2005-2006 due to the exclusion of the sales and use tax U-Drive-It revenue initiative (\$22,500,000) and permitting the Administrative Office of the Courts to receive a portion of the Driver's License Fee Increase revenue initiative (\$1,857,300).

The House provides in Part I, Operating Budget, funding support of \$359,833,900 in fiscal year 2004-2005 and \$325,289,200 in fiscal year 2005-2006 for the State Supported Construction Program.

The House provides in Part I, Operating Budget, funding support of \$254,673,900 in fiscal year 2004-2005 and \$220,129,200 in fiscal year 2005-2006 from the Road Fund for state construction projects in the fiscal biennium 2004-2006 Biennial Highway Construction Program. Included within the above Road Fund appropriation is \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 to support the Kentucky Pride Fund created in KRS 224.43-505.

The House provides in Part I, Operating Budget, language provision as follows:

" Highway Construction Contingency Account: Included in the State Supported Construction Program is \$37,740,000 in fiscal year 2004-2005 and \$37,740,000 in fiscal year 2005-2006 for the Highway Construction Contingency Account. Included within the above Road Fund appropriation is \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 to support the Kentucky Pride Fund created in KRS 224.43-505. Included in the above Road Fund appropriation is \$2,000,000 in each fiscal year to be deposited to the Industrial Road Access Account within the Transportation Cabinet. The Industrial Road Access Cabinet. Account funds are designated to be used solely by the Secretary of the Economic Development Cabinet. These funds may be expended, encumbered, or committed only upon the direction of the Secretary of the Economic Development Cabinet to the Secretary of the Transportation Cabinet. The Secretary of the Economic Development Cabinet may request from the Secretary of the Transportation Cabinet additional funds to be deposited to the Industrial Road Access Account if the funds are necessary to meet specific economic development opportunities in a local community. Any funds not expended from the Industrial Road Access Account prior to June 30, 2005, shall not lapse to the State Highway Construction Program but will remain in the Industrial Road Access Account and carry forward into fiscal year 2005-2006."

The House deletes in Part I, Operating Budget, the permissive Programmatic Adjustments language.

The House provides in Part I, Operating Budget, language provision as follows:

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"Road Fund Bonds: The above Economic Development Bond Funds appropriation shall be used to fund projects contained within the 2004-2006 fiscal years of the Six-Year Road Plan."

The House provides Part I, Operating Budget, language provisions as follows:

"Miscellaneous Road Fund Projects:

Access Points: The Transportation Cabinet shall grant the Woodford County Fire Department an Encroachment Permit for emergency vehicles to enter and exit directly onto US 421 from the Midway Fire Station.

The Transportation Cabinet shall extend access by permit about 1,500 feet north of KY 911 along the proposed US 41A project in Christian County.

An access point shall be granted on KY 388 in Madison County, 440 feet north of the 911 marker number 2301.

An access point shall be granted on the west side of US 31E in Allen County, 1,078 feet south of the intersection with Jefferson School Road.

The Transportation Cabinet shall establish KY 1336 as an access point to the relocated new KY 11 in the community of Tilton.

Surplus Property: The Big Creek Toll Facility located on the Hal Rogers Parkway, formerly known as the Daniel Boone Parkway, is hereby declared surplus and the Cabinet is directed to transfer the property to the Clay County Fiscal Court as of the effective date of this Act, for the use and benefit of the Big Creek Fire Department and Rescue Squad.

Land Parcel 66, located at the junction of KY 229 and the Cumberland Gap Parkway, is hereby declared surplus and the Cabinet is directed to transfer the property to the Knox County Fiscal Court as of the effective date of this Act, for the use and benefit of the Bailey Switch Volunteer Fire Department.

The Thousandsticks Toll Facility located on the Hal Rogers Parkway, formerly known as the Daniel Boone Parkway, is hereby declared surplus and the Cabinet is directed to transfer the property to the Leslie County Fiscal Court as of the effective date of this Act.

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The Transportation Cabinet land parcel, approximately two acres in area, being bounded on the south side by Foxhaven Drive, on the east by the US 25/US 421 Connector Road, on the north by Old Lexington Road, and on the west by the east line of the Northgate Subdivision.

Paving and Rehabilitation: The Kentucky Transportation Cabinet is directed to provide grading and paving rehabilitation efforts on I-64 from Grayson to the West Virginia border at the level equal to that accomplished on I-64 in Bath County, Rowan County, and the remainder of Carter County.

Toll Road Facilities: If Federal Funds become available to the state to support retirement of toll roads debt, then each affected toll road facility within the Commonwealth shall close and all affected toll road employees shall be reassigned within the Transportation Cabinet.

Location of Proposed I-66: The location of proposed I-66 in the Barren County and Warren County area shall be limited to alternative highway corridors extending from the Louie B. Nunn Parkway, formerly known as the Cumberland Parkway, to the Natcher Parkway north of the City of Bowling Green.

The proposed I-66 corridor through the Purchase Area shall include the corridor through Ballard County, exiting the state of Kentucky at Wickliffe, Kentucky.

Sound Barriers: A sound barrier shall be installed on the north side of Watterson Expressway from the west side of the Newburg Interchange going 1,000 feet west. The cost related to the installation of the sound barrier shall be funded from Road Fund resources.

A sound barrier shall be installed on I-64 for the St. Regis neighborhood. The cost related to the installation of the sound barrier shall be funded from Road Fund resources.

Interlocal Agreement: Any local government shall be permitted to enter into a cooperative agreement with the Transportation Cabinet to maintain traffic control devices on state maintained roads within the local government's jurisdiction and shall be reimbursed by the Transportation Cabinet for the actual cost of such maintenance. The agreement may permit local governments to make temporary repairs to state maintained road surfaces within the local government's jurisdiction and shall be reimbursed by the Transportation Cabinet for the actual cost of the temporary repairs.

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County Road 518, also known as Mt. Salem Road in Lincoln County, shall revert back to the state highway system and be designated as state route KY 518.

Maintenance: The trees along KY 89 (Irvine Road) in Clark County, specifically in the proximity of 9860 Irvine Road, shall be trimmed to the appropriate sight distance/safety requirements imposed by the Transportation Cabinet. The cost shall be paid from Road Fund resources."

L - Transportation Cabinet**Operating Budget****Public Transportation**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
General Fund	4,753,400	4,753,400		4,753,400	4,753,400	
Restricted Funds	500,000	500,000		508,900	508,900	
Federal Funds	27,227,600	27,227,600		27,230,900	27,230,900	
Regular Total Funds	32,481,000	32,481,000		32,493,200	32,493,200	
Continuing	606,600	606,600				
TOTAL FUNDS	33,087,600	33,087,600		32,493,200	32,493,200	
II. EXPENDITURE CATEGORY						
Personnel Costs	1,339,200	1,339,200		1,359,100	1,359,100	
Operating Expenses	127,000	127,000		127,000	127,000	
Grants, Loans, Benefits	31,621,400	31,621,400		31,007,100	31,007,100	
TOTAL EXPENDITURES	33,087,600	33,087,600		32,493,200	32,493,200	
III. BASE LEVEL BUDGET BY FUND SOURCE						
General Fund	4,753,400	4,753,400		4,753,400	4,753,400	
Restricted Funds	500,000	500,000		508,900	508,900	
Federal Funds	27,227,600	27,227,600		27,230,900	27,230,900	
Regular Total Funds	32,481,000	32,481,000		32,493,200	32,493,200	
Continuing	606,600	606,600				
TOTAL BASE LEVEL	33,087,600	33,087,600		32,493,200	32,493,200	

**Fiscal Biennium 2004-2006
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Public Transportation

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Toll Credits: The Transportation Cabinet is authorized to use Toll credits to match Federal Funds to transit systems capital grants."

HOUSE REPORT

The House concurs with the Bill as Introduces with the following exceptions:

The House adds Part I, Operating Budget, language provision as follows:

"Nonpublic School Transportation: Included in the above General Fund Appropriation in \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 for nonpublic school transportation."

The House adds Part I, Operating Budget, language provision as follows:

" Human Services Transportation Delivery Program: Consistent with other provisions of this Act, the Human Services Transportation Delivery Program shall continue to be operated under KRS 281.870, 281.872, 281.873, 281.874, 281.875, 281.876, 281.877, 281.878, and 281.879."

L - Transportation Cabinet**Operating Budget****Revenue Sharing**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Road Fund	236,928,500	236,928,500		243,540,600	243,540,600	
Regular Total Funds	236,928,500	236,928,500		243,540,600	243,540,600	
Continuing						
TOTAL FUNDS	236,928,500	236,928,500		243,540,600	243,540,600	
II. EXPENDITURE CATEGORY						
Personnel Costs	17,037,500	17,037,500		17,058,200	17,058,200	
Operating Expenses	29,774,800	29,774,800		29,099,900	29,099,900	
Grants, Loans, Benefits	127,693,600	127,693,600		131,277,800	131,277,800	
Construction	62,422,600	62,422,600		66,104,700	66,104,700	
TOTAL EXPENDITURES	236,928,500	236,928,500		243,540,600	243,540,600	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Road Fund	236,928,500	236,928,500		243,540,600	243,540,600	
Regular Total Funds	236,928,500	236,928,500		243,540,600	243,540,600	
Continuing						
TOTAL BASE LEVEL	236,928,500	236,928,500		243,540,600	243,540,600	

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Revenue Sharing

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"County Road Aid Program Center: Included in the above Road Fund appropriation is \$89,687,000 in fiscal year 2004-2005 and \$92,212,400 in fiscal year 2005-2006 for the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and 179.440. Notwithstanding KRS 177.320(2), the above amounts have been reduced by \$38,000 in fiscal year 2004-2005 and \$38,000 in fiscal year 2005-2006 which has been appropriated to the Highways appropriation unit for the support of the Kentucky Transportation Center."

"Rural Secondary Program: Included in the above Road Fund appropriation is \$108,800,800 in fiscal year 2004-2005 and \$111,864,400 in fiscal year 2005-2006 for the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340, 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts have been reduced by \$46,000 in fiscal year 2004-2005 and \$46,000 in fiscal year 2005-2006 which has been appropriated to the Department of Highways appropriation unit for the support of the Kentucky Transportation Center."

"Municipal Road Aid Program: Included in the above Road Fund appropriation is \$37,737,200 in fiscal year 2004-2005 and \$38,799,800 in fiscal year 2005-2006 for the Municipal Road Aid Program in accordance with KRS 177.365, 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been reduced by \$16,000 in fiscal year 2004-2005 and \$16,000 in fiscal year 2005-2006 which has been appropriated to the Department of Highways appropriation unit for the support of the Kentucky Transportation Center."

"Energy Recovery Road Fund: Included in the above Road Fund appropriation is \$703,500 in fiscal year 2004-2005 and \$664,000 in fiscal year 2005-2006 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771, 177.9772, 177.978, 177.979, and 177.981."

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Revenue Sharing

HOUSE REPORT

The House concurs with the Bill as Introduced.

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L - Transportation Cabinet**Operating Budget****Vehicle Regulation**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	Bill as Introduced	House Budget	Difference	Bill as Introduced	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE						
Restricted Funds	3,868,000	3,868,000		4,040,400	4,040,400	
Federal Funds	842,700	842,700		894,700	894,700	
Road Fund	15,834,000	15,834,000		15,898,000	15,898,000	
Regular Total Funds	20,544,700	20,544,700		20,833,100	20,833,100	
Continuing						
TOTAL FUNDS	20,544,700	20,544,700		20,833,100	20,833,100	
II. EXPENDITURE CATEGORY						
Personnel Costs	13,530,500	13,530,500		13,796,300	13,796,300	
Operating Expenses	7,014,200	7,014,200		7,036,800	7,036,800	
TOTAL EXPENDITURES	20,544,700	20,544,700		20,833,100	20,833,100	
III. BASE LEVEL BUDGET BY FUND SOURCE						
Restricted Funds	3,868,000	3,868,000		4,040,400	4,040,400	
Federal Funds	842,700	842,700		894,700	894,700	
Road Fund	15,834,000	15,834,000		15,898,000	15,898,000	
Regular Total Funds	20,544,700	20,544,700		20,833,100	20,833,100	
Continuing						
TOTAL BASE LEVEL	20,544,700	20,544,700		20,833,100	20,833,100	

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Vehicle Regulation

BILL AS INTRODUCED

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in Part IV, State Salary Compensation and Employment Policy.

HOUSE REPORT

The House concurs with the Bill as Introduced with the following exception:

The House adds Part I, Operating Budget, language provision as follows:

"Motorcycle Education Program: Notwithstanding KRS 186.890(1) and (2), all revenues from the collection of fees relating to the Motorcycle Safety Education Program Fund shall be utilized to provide motorcycle safety programs. No administrative costs for other programs or budget units within the Transportation Cabinet shall be deducted from the Motorcycle Safety Education Program. The Transportation Cabinet shall report biennially to the Interim Joint Committee on Appropriations and Revenue of the revenues deposited to the Fund, the expenditures incurred, and available balances. In addition, the Cabinet shall identify the safety programs provided, the cost of the programs, location, and number of attendees."